

GOVERNOR'S VETOES

State of California
Governor's Office

I object to the following appropriations contained in Senate Bill 1113.

Item 0555-001-0028—For support of Secretary for Environmental Protection. I reduce this item from \$1,444,000 to \$982,000.

I am deleting the \$462,000 legislative augmentation to assist the metal plating industry in complying with existing state regulations regarding the disposal of hazardous waste containing hexavalent chromium. This reduction is necessary to limit program expansions and provide for a prudent fund reserve in light of the declining balance in the Unified Program Account.

Item 0555-001-0044—For support of Secretary for Environmental Protection. I revise this item by reducing:

- (1) 30-Support from \$10,113,000 to \$8,151,000;
- (5) Amount payable from the Unified Program Account (Item 0555-001-0028) from -\$1,444,000 to -\$982,000;

and by deleting:

- (11.5) Amount payable from the Hazardous Waste Reduction Loan Account (Item 0555-001-0828) (-1,500,000).

I am revising this item to conform to the actions I have taken in Items 0555-001-0028 and 0555-001-0828.

Item 0555-001-0828—For support of Secretary for Environmental Protection. I delete this item and Provision 1.

I am deleting the \$1,500,000 legislative augmentation to assist the metal plating industry in complying with existing state regulations regarding the disposal of hazardous waste containing hexavalent chromium. While certified unified program agencies are intended to assist businesses, it is not appropriate to single out a particular industry for special assistance for failure to comply with environmental rules.

Item 0690-102-0001—For local assistance, Office of Emergency Services.

I am sustaining the \$2,000,000 legislative augmentation related to funding 10 domestic violence programs. This augmentation will ensure services for domestic violence victims are protected in all communities. However, I am directing the Office of Emergency Service (OES) to incorporate these funds into the existing funding for domestic violence shelters and allow the 10 shelters to obtain funding through the grant process currently administered by OES. Providing a separate appropriation for these 10 particular shelters would create an inequitable process, and would allocate more funding per shelter compared to the other 75 shelters that receive funding.

Item 1111-003-0001—For support of Consumer Affairs. I reduce this item from \$450,000 to \$365,000 by reducing:

- (1) 40-Office of Privacy Protection from \$485,000 to \$400,000.

I am deleting the \$85,000 legislative augmentation which would provide funding for the Office of Privacy Protection. Given the fiscal condition of the State, this reduction is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the longer term.

Item 1760-492—Reappropriation, Department of General Services. I revise this item by deleting Schedule (2.5).

I am eliminating the availability of funding provided to the City of Oakland for the seismic retrofit of the Police Administration Building. Funds have been available since 1994 and the city is still unable to provide the required matching funds to receive the resources. If the city is able to commit the funds in the future, I will reconsider this request.

Item 1880-001-0001—For support of State Personnel Board. I reduce this item from \$3,888,000 to \$3,753,000 by reducing:

- (3) 50.01-Administrative Services from \$2,798,000 to \$2,663,000.

In recognition of potential workload increases associated with the end of the hiring freeze, I am sustaining \$465,000 of this \$600,000 legislative augmentation to provide funding for staff in the Bilingual Services Unit, the Appeals Division, the Examination Services Unit, and for information technology services. I am deleting the \$135,000 for temporary help and related costs. In addition, I am directing the State Personnel Board to develop performance-based measures to evaluate its effectiveness.

Item 2240-105-0001—For transfer to the Emergency Housing and Assistance Fund. I reduce this item from \$5,300,000 to \$4,000,000.

I am reducing the \$1,300,000 legislative augmentation for transfer from the General Fund to the Emergency Housing and Assistance Fund to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the longer term. With these reductions, \$4,000,000 still remains to support the Emergency Housing and Assistance Program (EHAP), which grants funding to local agencies that provide homeless shelter beds and related services.

Item 2240-490—Reappropriation, Department of Housing and Community Development. I delete this item.

I am deleting the reappropriation of \$400,000 in grant funds originally made available in 2001 but never spent by the City of Orange Cove. The 2004-05-budget plan assumes that these funds as well as others that reverted to the General Fund on July 1, 2004, would be available as a resource for the 2004-05 budget.

Item 2600-001-0042—For support of California Transportation Commission. I reduce this item from \$651,000 to \$613,000.

I am reducing this item by \$38,000 to conform to the action I have taken in Item 2660-001-0046.

Item 2600-001-0046—For support of California Transportation Commission. I reduce this item from \$1,000,000 to \$932,000 by reducing:

- (1) 10-Administration of California Transportation Commission from \$1,651,000 to \$1,545,000, and
- (2) Amount payable from the State Highway Account, State Transportation Fund (Item 2600-001-0042) from -\$651,000 to -\$613,000.

I am deleting the \$106,000 legislative augmentation to increase staffing at the Commission to restore a Legislative Deputy position that was eliminated in 2003-04 subsequent to being vacant for one year. Given the fiscal condition of the State, this reduction is necessary to bring ongoing expenditures in line with existing resources over the longer term.

Item 2665-001-0046—For support of High Speed Rail Authority. I reduce this item from \$1,819,000 to \$1,099,000 and by deleting Provision 1.

I am deleting the \$720,000 legislative augmentation for the completion of the final draft of the High Speed Rail Environmental Impact Report (EIR). The Authority has been fully funded to complete the EIR but reports that it redirected a portion of these funds to the draft EIR when required to perform additional work on that document by federal agencies. Given the fiscal condition of the State, this reduction is necessary to bring ongoing expenditures in line with existing resources over the longer term.

I am also revising this item by deleting Provision 1. This provision would have restricted the use of \$300,000 of this item to the legal defense of the environmental documents. By deleting this language I am providing the Authority with the budgetary flexibility it will need to meet its priorities.

Item 3340-001-0001—For support of California Conservation Corps. I reduce this item from \$25,373,000 to \$23,773,000 by reducing:

- (1) 10-Training and Work Program from \$57,256,000 to \$55,656,000.

I am reducing this item by \$1,600,000 and 14 positions for the operation of the Ukiah residential facility. The California Conservation Corps is a valuable program that helps protect the environment and promote leadership skills for young men and women. However, in light of the State's current fiscal condition, the Ukiah residential facility was selected for conversion to a non-residential facility after a thorough review of all facilities because there are two other Corps residential facilities, Leggett and Shasta Pacific, nearby that also provide services to the Ukiah area. After the conversion, 15 corps members and one Corps employee will remain at the facility.

Item 3790-494—Reappropriation, Department of Parks and Recreation. I delete this item.

I am deleting this legislative reappropriation for three local parks projects. I am deleting the General Fund reappropriation for the renovation and repair of the La Palma Community Center. Given the fiscal condition of the State, this reduction is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the longer term. I am also deleting the reappropriation of Proposition 12 bond funds for the Paxton-Arleta Softball/Soccer Field. This use of Proposition 12 bond funds is inconsistent with the purpose for which the funds were originally appropriated and therefore not eligible for reappropriation. Finally, I am deleting the reappropriation for the Community Build Youth Center. These bond funds were appropriated in the Budget Act of 2000 and more than adequate time has passed for the funds to be expended for this purpose.

Item 3940-001-0001—For support of State Water Resources Control Board. I revise this item by reducing:

- (1) 10-Water Quality from \$387,080,000 to \$386,878,000, and
- (7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193) from -\$55,913,000 to -\$55,711,000.

I am revising this item to conform to the action I have taken in Item 3940-001-0193.

Item 3940-001-0193—For support of State Water Resources Control Board. I reduce this item from \$55,913,000 to \$55,711,000.

I am deleting the \$202,000 legislative augmentation for activities related to the development of statewide septic tank system standards. The State Water Resources Control Board will continue its efforts to develop the standards with the remaining \$287,000 during 2004-05, and will not need the additional resources provided by this augmentation.

Item 4260-001-0001—For support of Department of Health Services. I delete Provision 3 of this item to make a technical correction to the Budget Bill.

Provision 3 in Item 4260-001-0001 refers to provisional language in Item 4260-111-0001 that was removed from the Budget Bill, and is therefore no longer necessary.

Item 4260-001-0890—For support of Department of Health Services. I delete Provision 5.

I am deleting Provision 5, which would require the Department of Health Services (DHS) to include in its application for funding from the federal Centers for Disease Control and Prevention's (CDC) Public Health Preparedness and Responses to Bioterrorism Program a request for the establishment of reporting procedures for low-level radioactive waste. Notwithstanding the merits of reporting low-level radioactive waste, this request is outside the scope of the State's Cooperative Agreement with the CDC. Including this provision in the application will likely delay the availability of federal funds.

Item 4260-101-0001—For local assistance, Department of Health Services. I reduce this item from \$11,728,217,000 to \$11,727,467,000 by reducing:

- (3) 20.10.030-Benefits (Medical Care and Services) from \$28,531,016,000 to \$28,529,516,000;
- (6) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$185,577,411,000 to -\$18,576,661,000;

and by deleting Provision 15.

While I recognize the important services that these pharmacies provide to Californians living with HIV/AIDS, I am reducing this item by \$750,000 and deleting this provision because providing additional Medi-Cal pharmacy compensation to HIV/AIDS clinics would create unacceptable program inequities that will lead to unnecessary litigation against the State. The budget will ensure that those suffering with HIV/AIDS will continue to have access to critically important drugs.

The concept of a reimbursement model that incorporates the features identified in this proposal should be considered as part of an overall analysis of Medi-Cal provider reimbursement.

I am also deleting a \$750,000 augmentation from the Federal Trust Fund in Item 4260-101-0890 to conform to this action.

In order to correct a technical error in the Budget Bill, I am also reducing the amount payable from the Federal Trust Fund (Item 4260-101-0890) by \$167,000,000,000.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$18,577,411,000 to \$18,576,661,000 and delete Provision 2.

I am reducing this item by \$750,000 to conform to my action in Item 4260-101-0001.

I am deleting Provision 2 because it is not possible to obtain federal matching funds without first spending General Fund resources, which have not been appropriated for this purpose. Provision 2 would require the Department of Health Services to expand the scope of the federally required LA County Health Department audit to include an unrelated audit.

Item 4440-101-0001—For local assistance, Department of Mental Health. I reduce this item from \$79,676,000 to \$59,718,000 by reducing:

- (1) 10.25—Community Services—Other Treatment from \$1,439,054,000 to \$1,438,746,000; and
- (1.5) 10.47—Community Services— Children’s Mental Health Services from \$20,000,000 to \$350,000.

I am reducing this item by \$308,000 to eliminate supplemental funding to thirteen counties that is used to match federal rehabilitation funds. This action prioritizes the limited funding available for other mental health programs that reach all or most counties, and is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the long term.

I am reducing by \$19,650,000 the \$20,000,000 legislative augmentation to restore funding for the Children's System of Care program. This action is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the long term. \$350,000 remains in this item for support of the Cathie Wright Technical Assistance Center, which provides training and technical assistance to counties to implement integrated health and human services programs.

During favorable economic conditions, the State has been able to fund a higher level of services to address the mental health needs of children. With current limited resources, however, priority must be placed on the provision of direct and essential services to these children, which will continue to be provided by the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program and local county realignment funding. With current limited state resources, however, priority must be placed on the provision of direct and essential services to these children. By maintaining the Cathie Wright Technical Assistance Center, it is my hope that the enhanced coordination of services within counties can be maintained until the economic situation improves.

Item 5175-101-0001—For local assistance, Department of Child Support Services. I reduce this item from \$252,159,000 to \$250,799,000 by reducing:

- (1) 10-Child Support Services from \$978,519,000 to \$974,519,000;
- (a) 10.01-Child Support Administration from \$875,095,000 to \$871,095,000;
- (3) Amount payable from the Federal Trust Fund (Item 5175-001-0890) from -\$447,175,000 to -\$444,535,000;

and by deleting Provision 9.

I am deleting the \$1,360,000 legislative augmentation for the Los Angeles County local child support agency. On the basis of equity and given the current condition of the General Fund, I cannot support this expenditure. With this reduction, \$871,095,000 remains for administrative support of local child support agencies.

I am also deleting a \$2,640,000 legislative augmentation from the Federal Trust Fund in Item 5175-101-0890 to conform to this action.

Item 5175-101-0890—For local assistance, Department of Child Support Services. I reduce this item from \$447,175,000 to \$444,535,000 by reducing:

I am reducing this item by \$2,640,000 to conform to the action I have taken in Item 5175-101-0001.

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,881,929,000 to \$2,881,900,000 by reducing:

- (1) 16.30-CalWORKs from \$5,231,280,000 to \$5,191,280,000;
- (2) 16.65-Other Assistance Payments from \$1,522,917,000 to \$1,522,888,000; and
- (6) Amount payable from the Federal Trust Fund (Item 5180-101-0890) from -\$3,677,127,000 to -\$3,637,127,000.

I am deleting the \$29,000 legislative augmentation for increased costs resulting from providing California Food Assistance Program benefits to convicted drug felons. This technical correction conforms to removal of the language from the associated Budget Trailer Bill.

I am also revising this item to conform to the action I have taken in Item 5180-101-0890.

Item 5180-101-0890—For local assistance, Department of Social Services. I reduce this item from \$3,677,127,000 to \$3,637,127,000.

I am reducing \$40,000,000 in federal Temporary Assistance for Needy Families Block Grant funds for CalWORKs employment services to nullify the effect of language included in the Budget Trailer Bill to provide unspent 2003-04 CalWORKs single allocation funds to counties in 2004-05. This language increases current spending and reduces the ability to maintain funding for the CalWORKs program within available federal and state resources.

While the budget ensures resources necessary to maintain existing benefits and services, this veto will improve the State's ability to continue these essential benefits and services in the future.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$405,478,000 to \$405,454,000 by reducing:

- (1) 16.75-County Administration and Automation Projects from \$1,024,616,000 to \$1,024,557,000; and
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$580,825,000 to -\$580,790,000.

I am deleting the \$59,000 (\$24,000 General Fund and \$35,000 Federal Trust Fund) legislative augmentation for increased administration costs resulting from providing Food Stamp benefits to convicted drug felons. This technical correction conforms to removal of the language from the associated Budget Trailer Bill.

Item 5180-141-0890—For local assistance, Department of Social Services. I reduce this item from \$580,825,000 to \$580,790,000.

I am revising this item to conform to the action I have taken in Item 5180-141-0001.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$768,509,000 to \$751,364,000 by reducing:

- (1) 25.30—Children and Adult Services and Licensing from \$2,049,695,000 to \$2,032,550,000;

and by deleting Provisions 11 and 12.

I am reducing the \$17,145,000 legislative augmentation for the Child Welfare Services Augmentation. During better economic times the State was able to pay the counties' share-of-cost to provide additional social workers for Child Welfare Services. However, due to limited state resources in the General Fund, the State is unable to continue to waive the 30 percent nonfederal county share-of-cost for the Child Welfare Services Augmentation in this Budget. Assuming that counties backfill this reduction with their own resources, \$91,440,000 in total funds remains available to counties to support this important program. I am deleting Provision 12 to conform to this action.

The Legislature adopted language that would require the Department of Social Services, with input from the Continuing Care Advisory Committee, to establish a panel to develop governance standards for applicants and operators of Continuing Care Retirement Communities, on or by July 1, 2005. I am deleting Provision 11, as it is inconsistent with efforts to streamline government and consolidate or eliminate boards and commissions to achieve operational efficiencies.

Item 5240-001-0001—For support of the Department of Corrections. I reduce this item from \$5,311,082,000 to \$5,309,719,000 by reducing:

- (2) 22-Health Care Services Program from \$942,126,000 to \$940,763,000.

I am deleting the \$1,363,000 legislative augmentation associated with the denial of the department's plan to reclassify 23.5 vacant staff psychiatrist positions to nurse practitioners. The department will reclassify these positions thereby eliminating the need for the augmentation. The reclassification represents a reasonable effort to address the department's increasing medical and mental health costs through improved efficiencies that do not compromise or lessen the provision of inmate care. The reclassification is consistent with policies adopted by the Department of Mental Health. The hiring of Nurse Practitioners will also assist in maintaining continuity of mental health care due to the reduced need of temporary contract staff.

Item 6110-001-0001—For support of Department of Education. I reduce this item from \$36,443,000 to \$36,193,000 by reducing:

- (2) 20-Instructional Support from \$53,393,000 to \$53,143,000.

I am reducing a portion of this state operations budget by \$250,000 to provide for a prudent General Fund reserve in light of the State's current fiscal condition. Over the last several years, other constitutional offices have had to absorb significant General Fund reductions without the benefit of the substantial federal funds provided to the State Department of Education. I would note that the Department has received \$2.1 million in federal fund augmentations in this budget, an increase that far exceeds this reduction.

Item 6110-130-0001—For local assistance, Department of Education. I reduce this item from \$10,300,000 to \$9,035,000.

I am sustaining \$9,035,000 for the Advancement Via Individual Determination program (AVID) to provide training to teachers and school leaders and assistance to schools in implementing this program that helps students prepare for and be successful in college that might otherwise not attend. During better economic times the State was able to fully support a variety of worthy programs. However, due to limited resources in the General Fund, the State is unable to continue to sustain the same level of support.

In making this reduction I encourage districts that currently participate in the AVID program to utilize some of the existing staff development dollars available to them. This budget already includes \$957 million for staff development and teacher training programs.

I am revising Provision 1 to conform to this action.

“1. Of the funds appropriated, \$1,300,000 is available for administration of the Advancement Via Individual Determination (AVID) centers and \$6,000,000 is available for competitive outreach grants to local education agencies for the AVID program. Notwithstanding any other provision of law, the remaining ~~\$3,000,000~~ \$1,735,000 shall be used solely for the provision of advanced placement teacher training or tutoring services.”

Item 6110-161-0890—For local assistance, Department of Education. I reduce this item from \$1,091,674,000 to \$1,090,974,000 by reducing:

(7) 10.60.050.032-IDEA, Family Empowerment Centers from \$3,432,000 to \$2,732,000,

and by deleting Provision 11.

I am deleting the legislative augmentation of \$700,000 to establish four additional family empowerment centers. An increase in the number of centers is premature, as funding has been provided to conduct a study to evaluate the effectiveness of the twelve existing family empowerment centers. If the study shows these centers are effective in helping students with special needs, their families and schools, I will consider an augmentation to provide better access.

I am deleting Provision 11 to conform to this action.

Item 6110-164-0001—For local assistance, Department of Education. I delete this item and Provision 1.

I am deleting the \$1,700,000 legislative augmentation to restore funding for the School-to-Career program. While I am very supportive of vocational education, I am interested in a more comprehensive proposal to reform and improve the State's efforts in this area rather than sustaining small programs that help a few schools. The State provides an estimated \$2 billion for vocational education in programs such as Regional Occupational Centers and Programs, secondary school vocational programs, apprentice programs and Community College programs. The multiplicity of programs and organizations involved makes it difficult to ensure accountability and to ensure all of California's students receive the kind of training and education they need to perform well in good jobs. The grants provided by this program were intended to provide short-term resources to assist local partnerships to implement activities and

working relationships that would be sustained after state funds expire. Once a program is established, it is expected that local businesses provide ongoing support to the extent that they benefit from these partnerships.

I am deleting Provision 1 to conform to this action.

Item 6110-485—Reappropriation, Department of Education, Proposition 98. I revise this item from \$320,249,000 to \$319,749,000, by deleting:

(8) \$500,000, on a one-time basis, to the State Department of Education for the establishment of a web-based model that would differentiate and compare the capabilities of electronic assessment resources. These funds would be available contingent upon legislation for this purpose.

I am deleting the legislative augmentation of \$500,000 for the establishment of a web-based model that would allow for comparisons of software packages used to evaluate pupil assessment results. Given that the State currently spends \$112.6 million on student testing and assessment, the establishment of this model may have merit. However, I would like to consider the expenditure of additional state funds for this purpose, in conjunction with the pending legislative measure. Until I can evaluate the final legislative proposal, it is premature to appropriate funds in the Budget Act for this purpose.

Item 6360-001-0407—For support of the Commission on Teacher Credentialing. I reduce this item from \$14,411,000 to \$14,211,000 by reducing:

(1) 10-Standards for Preparation and Licensing of Teachers from \$14,650,000 to \$14,450,000.

I am deleting the \$200,000 legislative augmentation to fund an additional 2.0 positions to address the credential processing backlog. This augmentation is unnecessary because the Commission can reduce the credentialing backlog with the staff provided in the budget. Providing credentialed teachers for all pupils is a goal of this Administration. The Commission should adopt greater efficiencies in conjunction with the review being conducted by the State Auditor, which is expected to be completed in the Fall of 2004, in order to eliminate the credential processing backlog.

Item 6870-101-0001—For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$2,810,212,000 to \$2,778,803,000 by reducing:

(4) 10.10.040-Partnership for Excellence from \$225,000,000 to \$193,591,000;

and by revising Provision 4.

I am reducing this item by reducing the funding for the Partnership for Excellence program by \$31,409,000 to maintain the May Revision Proposition 98 spending level for community colleges. Instead, funds were provided to support additional student enrollments and to maintain lower fees for Bachelor degree holders. With this reduction, \$193,591,000 will still be available for this program through the general apportionments pursuant to Provision 4(a) of this item. The Legislature reduced the rigor of the accountability structure for this program proposed

in the Governor's Budget. Because this program lacks accountability at the district level, it is appropriate that this funding be reduced. However, given my strong commitment to the Community Colleges and the extraordinary work they do in educating over a million full-time equivalent students seeking transfer, technical and basic skills every year, I am willing to restore this funding in the 2005-06 budget provided that district level goals and performance evaluations are incorporated into the accountability structure as had been proposed.

I revise provision 4(a) as follows to conform to this action:

"4. (a) The amount appropriated in Schedule (4) shall be made available to districts in the same manner as the general apportionment funding in Schedule (1), and shall be made available in the same amount provided to each district for the Partnership for Excellence program in the 2003-04 fiscal year, including the funding deferred for this program pursuant to Section 84321 of the Education Code, and notwithstanding the basic aid status of any district. As a condition of receiving these funds, the districts shall first agree to assure that courses related to student needs for transfer, basic skills, and vocational and workforce training are accorded the highest priority and are provided to the maximum extent possible within the budgeted funds."

Item 8260-101-0001—For local assistance, California Arts Council. I delete this item.

I am deleting the \$1,000,000 legislative augmentation for local arts grants. Given the fiscal condition of the State, this reduction is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the longer term.

Item 8570-101-0001—For local assistance, Department of Food and Agriculture. I reduce this item from \$6,078,000 to \$5,528,000 by reducing:

- (1) 11—Agricultural Plant and Animal, Pest and Disease Prevention from \$6,078,000 to \$5,528,000.

I am deleting the \$550,000 legislative augmentation that would provide specified Los Angeles County employees performing pest detection and eradication activities with permanent employee status. This augmentation is associated with pending legislation and I am opposed to the appropriation of funds for legislation that has not yet been approved by the Legislature and the Administration.

Item 8665-001-9326—For support of California Consumer Power and Conservation Financing Authority. I reduce this item from \$1,224,000 to \$424,000 by reducing:

- (1) 15-Energy Acquisition from \$738,000 to \$258,000;
- (2) 20-Planning and Policy Development from \$486,000 to \$166,000;
- (3) 30.01-Administration from \$343,000 to \$119,000; and
- (4) 30.02-Distributed Administration from -\$343,000 to -\$119,000.

I am deleting the \$800,000 legislative augmentation to increase funding for California Power Authority (Authority) activities. I proposed in my January 10 Budget to eliminate the Authority as a first step towards reorganizing California's energy agencies. While further energy

reorganizations may be proposed, the continued existence of the Authority will not contribute to improving California's energy situation and its elimination need not wait for more comprehensive energy reorganization proposals. Other State energy agencies already perform activities similar to those of the Authority. Elimination of the Authority is an appropriate first step to streamline energy programs and I renew my call on the Legislature to send me legislation statutorily eliminating this unnecessary organization.

Item 8830-001-0001—For support of California Law Revision Commission. I reduce this item from \$662,000 to \$512,000 by reducing:

(1) 10-Law Revision Commission from \$677,000 to \$527,000.

I am deleting the \$150,000 legislative augmentation. Given the fiscal condition of the State, this reduction is necessary to help build a prudent reserve and bring ongoing expenditures in line with existing resources over the longer term. With this reduction, \$527,000 remains to support the Commission's programs.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 1113.

/s/ Arnold Schwarzenegger

ARNOLD SCHWARZENEGGER



GOVERNOR ARNOLD SCHWARZENEGGER

To the Members of the California State Senate:

I am signing Senate Bill 1097, which enacts various changes necessary to implement the 2004 Budget Act, including the transfer of funds from the Petroleum Storage Tank Financing Account to the General Fund.

I support efforts to reestablish grant and loan programs for the replacement and repair of underground storage tanks. My signature on this bill should not be interpreted in any other way.

I will continue to work with the authors of proposed legislation to find an acceptable funding solution to their proposed programs.

Sincerely,

Arnold Schwarzenegger



GOVERNOR ARNOLD SCHWARZENEGGER

To the Members of the California State Senate:

I am signing Senate Bill 1107 with the following reductions:

The Sierra Nevada's are a valuable natural asset for all Californians. There is a bipartisan proposal pending in the Legislature to create a Sierra Nevada Conservancy that balances statewide values and local interests. I am deleting \$5 million of the \$9.15 million appropriation for the Sierra Nevada Cascade and sustaining \$4.15 million to assure that there are adequate resources to make the Sierra Nevada Conservancy a success when it is created. The remaining funding level more accurately reflects the actual amount that the Secretary will be able to expend in the 2004-05 fiscal year until the conservancy is fully implemented.

Additionally, I am deleting \$28.35 million of the \$38.35 million appropriations for the purpose of awarding grants related to River Parkways conservation programs. These reductions better reflect the actual amount that the Secretary will be able to expend in the 2004-05 fiscal year because the bill requires new program activities which will take time to implement.

Sincerely,

Arnold Schwarzenegger



GOVERNOR ARNOLD SCHWARZENEGGER

To the Members of the California State Senate:

Senate Bill 1108 contains numerous changes to the law regarding schools consistent with the Budget that I have approved. Foremost among these provisions that I am approving are \$110 million for K-12 school district revenue limit equalization and statutory provisions allocating \$80 million in equalization funding for community colleges. Included in this bill, of great importance to school districts is the \$270 million in funding to reduce cuts made to revenue limits in the 2003-04 Budget, and a new mechanism to ensure that old Proposition 98 debts will be paid off beginning in 2006-07 at a pace the State can afford -- \$150 million per year. Also included in this bill is \$138 million in one-time funds for instructional materials to schools in deciles 1 and 2 of the Academic Performance Index, and \$58.4 million to retire old debts for State mandates on schools.

However, I am eliminating three appropriations in this bill totaling over \$11 million that were not part of the agreements I made with legislative leaders on education spending. With these deletions, I am setting aside the funds to focus on the education priorities agreed to with education leaders to provide more flexible funding so local schools can fund their most important needs.

I am deleting a change to law in Section 10 of the bill that adjusts state funding for revenue limits by the savings schools receive from lower Public Employees Retirement System rates. The change in Education Code Section 42238.23 exempts funds provided to regional occupational centers that are joint powers organizations from these reductions that apply to all other educational agencies. This is not equitable and is unwarranted. By deleting this amendment, existing law will be restored, which under the current interpretation of the Department of Education, will reduce the statutory appropriation for school revenue limits equitably to all educational agencies.



GOVERNOR ARNOLD SCHWARZENEGGER

I am deleting the \$6,000,000 legislative augmentation in subparagraph (A) of paragraph (3) of subdivision (a) of Section 36 to provide Arts Works grants. While I am supportive of arts programs, this small, competitive grant program serves relatively few schools. These funds, which count towards Proposition 98 2003-04 obligations, will be appropriated to schools at a future date. During this time of fiscal difficulties, these funds should be spent for educational priorities agreed to with education leaders to provide more flexible funding so local schools can fund their most important needs.

I am deleting the \$5,000,000 legislative augmentation in subparagraph (D) of paragraph (3) of subdivision (a) of Section 36 to start a new cohort for the Academic Improvement & Achievement Act. This small, competitive grant program helps only 12 districts out of the over 1,000 school districts in the state. The program has sufficient funding to complete the existing cohorts, and is set to sunset on July 1, 2005. These funds, which count towards the Proposition 98 obligation for 2003-04, will be appropriated at a future date. During this time of fiscal difficulties, these funds should be spent for educational priorities agreed to with education leaders to provide more flexible funding so local schools can fund their most important needs.

I am signing this bill with the following reductions:

I am deleting Section 10.

I am revising Section 36 as follows:

I reduce the total of the appropriations in subdivision (a) of Section 36 of this bill from \$926,527,000 to \$915,441,000 by deleting subparagraph (A) of paragraph (3) of subdivision (a), which contains an appropriation for \$6,000,000, and by deleting subparagraph (D) of paragraph (3) of subdivision (a), which contains an appropriation for \$5,000,000. I am also correcting the total of the appropriation to reflect the sum of the parts.

Sincerely,

Arnold Schwarzenegger